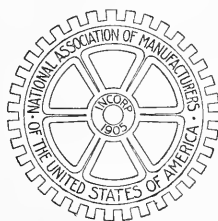


GOVERNMENTAL WAR AGENCIES AFFECTING BUSINESS



NATIONAL ASSOCIATION OF MANUFACTURERS

30 CHURCH STREET, NEW YORK CITY

Washington, D. C. Office

UNION TRUST BUILDING



GOVERNMENTAL WAR AGENCIES AFFECTING BUSINESS

PREPARED FOR THE
NATIONAL ASSOCIATION OF MANUFACTURERS

BY

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Introduction

The war needs of the Government have developed a large volume of new legislation and many new governmental agencies have been set up, as well as extensions of the activities of regular governmental departments, which directly affect American business.

This publication is designed to supply briefly accurate information concerning the jurisdiction and activities of these governmental agencies, together with references to the laws under which they are conducted. It is not designed to be comprehensive, but it is intended to supply sufficient facts and information to put a reasonably prudent man upon inquiry, and at the same time give him accurate data which will direct him to the proper sources of knowledge.

The National Association of Manufacturers is cooperating to its fullest extent in aid of its members and American business to meet present unusual demands in the most effective manner possible.

The offices of the Association, both in New York City and in Washington, D. C., are freely at the command of members, and owing to their daily contact with the problems constantly arising, are in position to supply information and advice with the least possible delay.

January 1918.

**CONSULT THE
FOREIGN TRADE DEPARTMENT
OF THE N. A. M.**

30 Church Street, New York City.

whenever in need of information, advice or service with respect to problems arising from governmental or other action affecting foreign commerce.

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War Trade Board

The War Trade Board was constituted by executive order, signed by the President on October 12, 1917.

Executive Orders and Proclamations. Previous and supplemental executive orders outlining the functions of the Board, which executive orders have the force of law, were made under date of June 22, 1917; July 9, 1917; August 21, 1917; October 12, 1917, and November 28, 1917.

These orders are issued by virtue of the Espionage Law (Title 7), approved June 15, 1917, and Trading with the Enemy Law, approved October 6, 1917. A pamphlet on Trading with the Enemy Law has been distributed by the Association to its members.

Main Lines of Activity. The Board sits daily, negotiates with foreign governments, decides questions of policy which arise from time to time, and gives instructions to the Bureau of Exports. It is enforcing the authority, covering the control of exports and imports, conferred by the Espionage and the Trading with the Enemy Laws. The President has issued proclamations governing the restrictions of exports and imports and providing a system of licenses. The War Trade Board has instructed shippers concerning the licenses, and is directly in contact with American business as it relates to foreign trade.

Only with the consent of the Board may agents of the enemy countries do business in the United States. Enemy companies also may not change the names they used at the beginning of the war without special license. It has the executive administration of all instructions issued by the President regarding exports and embargoes, and, in conjunction with the War Trade Council, is engaged in conserving the food supply of the country and regulating exports so that the products of America will not reach the enemy.

Exports. The Board has published a long list of articles which may not be exported without license previously secured from the War Trade Board. Such list is subject to change and can be secured from the War Trade Board.

Imports. Effective December 10, pursuant to proclamation of the President, made November 28, 1917, which proclamation restricted a long list of articles which may not be imported except

on license previously obtained from the Board, the application for which is to be made out in duplicate on blanks to be secured from the Bureau of Imports, War Trade Board, Bond Building, Washington, D. C.

Announcing its policy with respect to the enforcement of this proclamation, the Board has issued the following statement:

"For some months, exports from the United States have been controlled by the War Trade Board, successor to the Exports Administrative Board, the agency originally empowered to control by a system of licensing exports from the United States. The War Trade Board is now vested with similar control of the principal items of importation into the United States.

"Title seven of the 'Espionage Act' gave to the President the power, when the public safety so required, to control exports from the United States. Under the power so conferred the President, by proclamation of July 9, 1917, and August 27, 1917, established control over exports, and this is successfully accomplishing two important results: First, it is conserving for our own and the use of those countries associated with us in the war such of the bountiful resources of the United States as need to be conserved; and second, it prevents supplies from leaving our shores for the aid and comfort of the enemy.

"Section II of the 'Trading with the Enemy Act' conferred upon the President a like power to control imports into the United States. Such control of imports was made effective by the Allied Governments many months ago, the necessity therefor having become obvious if the resources of each were to be most effectively utilized for national and international demands. With the organization of the Bureau of Imports of the War Trade Board the requisite machinery has been supplied for increasing the importation of certain indispensable commodities produced abroad. The supply now coming forward to this country is limited by reason of export embargoes imposed by foreign powers controlling the territory in which such materials originate. Such action was made necessary because of interference with normal production, as well as the extraordinary consumption occasioned by the war. Among notable examples of such materials may be mentioned tin, wool, rubber, ferromanganese, leather, flax, and jute.

"Prior to the enactment of this statute there was no governmental agency, especially designated to deal with the proper officials of other Governments in order to procure the release of commodities required by the United States and which had been embargoed by other Governments. The governmental supervision of imports makes possible a more effective scheme of reciprocity and brings about a closer unity of the countries associated together in the war. Heretofore, in the absence of a responsible agency with which to deal, the Allied Governments were not in a position to know that all products exported by them to the United States would be utilized in a manner most conducive to the success of the great common enterprise. With the extension of scope in the operation of the War Trade Board there is at hand a dependable medium through which the

Allies will be enabled more effectively to express their willingness to reciprocate, by making liberal shipments of commodities much needed by this country in exchange for the vast quantities of vital supplies which are going forward to them in an unending stream.

"The various trades* dealing in the embargoed commodities have been or are being so organized that the total requirements of each industry can be accurately surveyed, the non-essential uses of any material eliminated, and a system of control provided which will insure the equitable distribution of the imported commodity and its consumption in the most essential products. At present all of these materials are permitted by foreign Governments to come into this country only under guarantees that they will not be re-exported except under specified restrictions; that they will not be used in trading directly or indirectly with the enemy; and that no purchase of any such material has been made as a speculation. At present these guarantees are given to the consul or other representative of the Allied Governments in this country, but this method of handling imports has resulted in some dissatisfaction on the part of American business men affected thereby.

"Under the authority conferred upon the President by the 'Trading with the Enemy Act' the issuance of a proclamation requiring a license for the importation of these various articles puts into effect a plan whereby the giving of guarantees by individual parties to a foreign Government is obviated, and American individuals or firms will henceforth deal directly with their own Government in connection with their importations.

"By virtue of this cooperation, supervision, and control on the part of the United States Government it is believed there will be forthcoming larger quantities of these various commodities so essential for our successful participation in the war, as the Allied powers are anxious to work in harmony with us to secure the most advantageous distribution of the world's supply of indispensable materials, desiring only the assurance of this Government that the distribution thereof will be equitable, thereby insuring the maximum of united effectiveness against the common enemy.

"The placing under control of the food products and raw materials listed in the President's proclamation in regard to imports will enable a proper distribution of these commodities, and where necessary insure an equitable price, and thus serve to protect the consumer.

* Instances of such trade organizations and the commodities in connection with the importation of which they will exercise the functions above outlined are:

The Rubber Association of America, Inc.—Rubber, raw or reclaimed waste or scrap; balata, gutta, joolatong, gutta percha, gutta siak.

American Iron and Steel Institute—Tin, chloride of tin, tin ore.

The Textile Alliance, Inc.—Wool and animal hair, wooled and haired skins, jute and burlap, including bags; cotton, flax, mica.

The United States Shellac Importers' Association, Inc.—Shellac.

Tanners' Council of the United States of America—Leather, hides and skins, tanning materials.

American Diamond Committee, Inc.—Rough diamonds.

Plumbago-Graphite Association—Plumbago.

Oil and Oil Seeds Association of America, Inc.—Palm oil and palm kernel oil.

It is expected that the trades handling other commodities mentioned in the President's proclamation will shortly be formed for the same purpose.

"The United States Food Administration is laying down certain regulations governing these commodities, and the War Trade Board will cooperate with the Food Administration in granting import licenses freely to importers who conform to such regulations.

"The War Trade Board, conscious of the responsibility it assumes in assisting to accelerate and facilitate the Nation's business, is approaching this tremendous task in a spirit of the broadest cooperation and accommodation, the desire being to obviate obstructions and vexatious delays to the fullest possible extent. There is little doubt that all lines of business will cheerfully recognize the advantages of this centralized supervision, understanding that without it the economic situation and the effective conduct of the war would be seriously prejudiced; and will cooperate with the War Trade Board to attain the most equitable and, from a national point of view, the most advantageous distribution and utilization of all imported commodities."

As an example of the manner in which the control of imports will be exercised by the War Trade Board, the regulations announced by the Board for the importation of wool may be taken as an informative example.

The War Trade Board announced that the following regulations will apply as of Dec. 15, 1917, to the importation of wool from all foreign sources:

"1. Applicants for import licenses will be required to sign an agreement containing the following provisions:

"A—The applicant agrees that he will not sell the wool covered by application No. —, or any other wool of either foreign or domestic origin, to any person other than a manufacturer without the consent of the War Trade Board; and that in the event of a sale to a person other than a manufacturer with such consent, he will exact from his purchaser a similar agreement.

"B—The United States Government shall have, and it is hereby granted, an option to purchase at the price and on the terms hereinafter set forth, all or any part of the wool covered by application No. — for ten days after Custom House entry thereof, and thereafter on such portion thereof as shall be at any time unsold until the whole amount thereof has been sold by the importer. In the event of the exercise of such option, the basis of price to be paid for the wool shall be equivalent to 5 per cent less than the basis of price of July 30, 1917, for similar wool, as established by the Valuation Committee of the Boston Wool Trade Association, the actual price of each lot to be determined by a committee to be appointed jointly by the Boston Wool Trade Association and the United States Government.

"2. These regulations shall not apply to any wool purchased abroad on or before Dec. 15, 1917.

"Applicants for import licenses will therefore file with their first applications copies of all their contracts outstanding on Dec. 15, 1917, for the

importation of wool from foreign sources, and as to which all wool contracted for had not been entered at any United States port of entry Dec. 15, 1917, and showing in detail the amount of wool already shipped and the amount yet to be shipped thereunder."

Trading with the Enemy. The Board, under date of October 6, 1917, has published a list of some fifteen hundred names of firms, in Central and South American countries, with whom American merchants are, by the Trading with the Enemy Law, prohibited from trading without first obtaining a license from the War Trade Board. It is announced that this list does not purport to be a complete list, but that additions will be made to it from time to time and names removed therefrom, as the facts justify. The Board announces that it will use its facilities to obtain the names of substitute firms in these countries with whom it may be lawful to transact business.

An official summary and synopsis of the Trading with the Enemy Law prepared by the War Trade Board for the benefit of exporters and others interested, says:

"I. The provisions of the Trading with the Enemy Act did not, for the first time, make illegal transactions with the enemy. Such transactions were illegal after the declaration of a state of war by the United States, and goods concerned in such an illegal trade were liable to seizure by the Government. But the Trading with the Enemy Act made such acts criminal offenses. It also made illegal and criminal any business transactions with or for the benefit of an ally of an enemy.

"In order to meet the exceptional situation where a transaction, though technically of an enemy character, might be for the public interest, the law provides for a system of issuing licenses in particular cases. This enables business men, under certain restrictions and at certain times, if for the public good, to trade with an enemy or an ally of an enemy. By Executive order of President Wilson, under date of October 12, 1917, the authority of the President to license certain acts of trade, unlawful under the act, was vested in the War Trade Board. And the Bureau of Enemy Trade of that Board receives and reports upon applications for licenses under section 3 of the act, and under the direction of the Board issues licenses and refusals on such applications.

"A 'trading with the enemy license' is required when any person in the United States desires to 'trade' directly or indirectly with, to, or from, or for, or on account of, or on or behalf of, or for the benefit of, any other person with knowledge or reasonable cause to believe that such other person is an 'enemy' or 'ally of enemy,' or is conducting or taking part in such trade directly or indirectly for, or on account of, or on behalf of, or for the benefit of, an 'enemy' or 'ally of enemy.'

"II. The act defines 'enemy' and 'ally of enemy' as any person, no matter of what nationality, who resides within the territory of the German Empire or its allies or that occupied by their military forces. Even a

citizen of the United States who has elected to remain within such territory is an 'enemy' or 'ally of enemy' within the provisions of the act. Further, any person residing outside of the United States of whatever nationality and wherever he resides who is doing business within such territory is within the statutory definition of 'enemy' or 'ally of enemy.' So also is any corporation created by Germany or any of its allies. So also is any corporation created by any other nation than the United States which is doing business within the territory of Germany or its allies or in territory occupied by the military and naval forces thereof. Further, for the purposes of the act, the Government of any nation with which the United States is at war, the Government of any ally of such nation, or any subdivision of any such Government, and any officer, agent, or agency of such Government is an 'enemy' or 'ally of enemy,' and the act makes no restriction as to where the officer, agent, or agency may be located.

"The President, if he shall find the safety of the United States or the successful prosecution of the war shall so require, may, by proclamation, include within the term 'enemy' or 'ally of enemy' such other individuals or body or class of individuals, other than citizens of the United States, as may be natives, citizens or subjects of any nation with which the United States is at war, or of any ally of such nation, wherever resident or wherever doing business. The President has not issued any such proclamation.

"The words 'to trade,' as used in the act, are defined to mean

(a) To pay, satisfy, compromise, or give security for the payment or satisfaction of any debt or obligation.

(b) To draw, accept, pay, present for acceptance or payment, or indorse any negotiable instrument or chose in action.

(c) To enter into, carry on, complete, or perform any contract, agreement, or obligation.

(d) Buy or sell, loan or extend credit, trade in, deal with, exchange, transmit, transfer, assign or otherwise dispose of, or receive any form of property.

(e) To have any form of business or commercial communication or intercourse with.

"III. If an application for a trading with the enemy license is made, one of the following application forms should be used and executed in duplicate.

"1. If it is desired to export an article the exportation of which has been restricted and the exportation in the particular case also involves trading with or for or on behalf of a person who there is reasonable cause to believe is an 'enemy' or 'ally of enemy' or is acting in such transaction on behalf or for the benefit of an 'enemy' or 'ally of enemy,' application for license to export and trade with the enemy should be made on Application Form A-6.

"2. If the export of the article has not been restricted, but the exportation involves such 'trading with the enemy,' application for license to 'trade with the enemy' by exportation should be made on Application Form ET-2.

"3. If it is desired to import merchandise the importation of which is not restricted under section II of the Trading with the Enemy Act, and the importation involves trading with or for or on behalf of a person who there is reasonable cause to believe is an 'enemy' or 'ally of enemy' or is acting in the transaction on behalf of or for the benefit of an 'enemy' or 'ally of enemy,' an application for a license should be made on Application Form ET-3.

"4. If it is desired to engage in any form of financial transaction involving trade with or for or on behalf of a person who there is reasonable cause to believe is an 'enemy' or 'ally of enemy' or is acting in the transaction on behalf of or for the benefit of an 'enemy' or 'ally of enemy,' which the War Trade Board may license, such as the making or receipt of payment in the course of trade with a person who there is reasonable cause to believe is an 'enemy' or 'ally of enemy' or is acting in the transaction on behalf of an 'enemy' or 'ally of enemy,' application should be made on Application Form ET-1.

"5. An application for a general license to trade with or on behalf of a person who there is reasonable cause to believe is an 'enemy' or 'ally of enemy,' or acting in the transaction on behalf of or for the benefit of an 'enemy' or 'ally of enemy,' should be made on Application Form ET-4.

"Such a general license, if granted, will cover the series of transactions described in the application.

"6. If it desired to obtain leave not merely to export or import goods in transactions which involve trading with the 'enemy' or 'ally of enemy,' but at the same time to secure permission for a particular method of making or receiving payments for the same, it will be necessary for the applicant to make use of and to forward, physically attached to each other, an application on Form A-6 or ET-2 or ET-3, as the case may be, and an application on Form ET-1.

"IV. Any 'enemy' or 'ally of enemy' who is doing business within the United States through branch houses or otherwise may continue to do business within the United States for 30 days after October 6, 1917. If such 'enemy' or 'ally of enemy' desires to further continue to do business in the United States, it must, prior to the expiration of such 30 days, make application for license to so continue, and during pendency of that application it may continue to do business. During this time all persons in the United States may deal with such 'enemy' or 'ally of enemy' in the United States without applying for license. If no license is granted it becomes unlawful for the 'enemy' or 'ally of enemy' to continue to do business and for any person in the United States to have any commercial relations with him, or with any person acting on his behalf or for his benefit, without a license.

"V. Citizens or subjects of enemy or ally of enemy nations resident in the United States are not 'enemies' or 'allies of enemies' by reason of their citizenship, and all persons in the United States may continue their commercial relations with such subjects of Germany and its allies without applying for or securing licenses, unless there are other facts than citizenship present which bring them within the definition of 'enemy' or 'ally

of enemy' set forth above, or unless the President should exercise the power granted to him by statute to extend the definition of 'enemy' and 'ally of enemy' by proclamation to include such persons. This is also true of enemy or ally of enemy subjects resident outside the United States who are not resident in the territory of the enemy or ally of enemy nations or doing business within such territory. The act, however, makes it unlawful not only to trade with a person with reasonable cause to believe that he is an 'enemy' or 'ally of enemy,' but equally with any person with reasonable cause to believe that such person is conducting or taking part in such trading, directly or indirectly, for or on behalf of an 'enemy' or 'ally of enemy,' and it is immaterial what the citizenship, nationality, or residence of such person may be. Applications for licenses must hereafter be made out, executed and filed in duplicate."

Personnel. The personnel of the War Trade Board is a representative of the Secretary of State, Chairman; a representative of the Secretary of the Treasury, a representative of the Secretary of Agriculture, a representative of the Secretary of Commerce, a representative of the Food Administrator, and a representative of the United States Shipping Board.

Bureaus of the War Trade Board. The Bureaus of the War Trade Board are: Exports, Imports, Enemy Trade, War Trade Intelligence, Transportation, Administration, Research, Tabulation and Statistics, Foreign Agents and Reports.

Branch Offices of the War Trade Board: Galveston, Tex., Bureau of Exports, Federal Building.

Los Angeles, Cal., Bureau of Exports, International Bank Building.

Mobile, Ala., Bureau of Exports, Custom House.

New Orleans, La., Bureau of Exports, Canal Bank Building.

New York, N. Y., Bureau of Exports, 45 Broadway.

Philadelphia, Pa., Bureau of Exports, 305 Lafayette Building.

Portland, Ore., Bureau of Exports, 748 Morgan Building.

San Francisco, Cal., Bureau of Exports, 216 Custom House.

Savannah, Ga., Bureau of Exports, Savannah Bank and Trust Co. Building.

Seattle, Wash., Bureau of Exports, 825-26 Henry Building.

Parties interested may obtain the publications of the War Trade Board by making application to the Division of Information, War Trade Board, Bond Building, Washington.

War Trade Council. By executive order of October 14, 1917, there was created a War Trade Council under the authority of the Trading with the Enemy Law, which Council consists of

the Secretary of State, Secretary of Agriculture, Secretary of Commerce, Secretary of Treasury, Chairman of the United States Shipping Board, and the Food Administrator.

This Council is an advisory body to the President and to the War Trade Board.

Alien Property Custodian

Simultaneously with the creation of the War Trade Board, the President, by executive order of October 12, 1917, vested the administration of the provisions of the Trading with the Enemy Law with respect to the custody, care and control of enemy property in this country within the terms of the act of October 6, 1917, in an Alien Property Custodian.

Who Are Enemy Aliens. These are the persons more particularly described in the statute itself and in the chapter relating to the activities of the War Trade Board (pages 11, 12).

Under the terms of the law and the executive orders of the President, large powers are vested in the Alien Property Custodian to take possession of, hold and acquire enemy property. All persons who hold property which under the terms of the act is "enemy property" or who have any interest therein, are required to report the facts in relation thereto upon blanks which will be supplied upon request of the Alien Property Custodian. The penalties for failure to report are very severe and the report must be made if the holder of the property has any reason to believe that an enemy or ally of enemy either owns, or has an interest in such property, which includes moneys, credits, goods, wares, merchandise, choses in action or any kind of real and personal property.

The Alien Property Custodian, in the discharge of his duties, is in close contact with the State and Treasury Departments, the Department of Justice, Federal Trade Commission and the War Trade Board.

No Confiscation. It is not the policy of the Trading with the Enemy Law to confiscate the property of either enemies or allies of enemies; the measure is designed to bring into the custody of the Government all such property, and to use and preserve, upon a basis of practical justice, all such enemy property as may be found within the jurisdiction of the United States, and at the

same time to give full and accurate expression by specific statutory enactment of the rules of international law in respect to such property.

Licenses. A system of licenses is provided, whereby the enormous volume of this character of business may be carried on to the best economic effect and to as little disturbance of legitimate business and trade as possible. These licenses, with respect to enemy business, are granted by the War Trade Board upon the recommendation of the Alien Property Custodian.

Address. The offices of the Alien Property Custodian are 16th and P Streets, N. W., Washington, D. C.

Tariff Commission

As a part of the fundamental duty imposed upon the Commission accentuated by the disturbance of world trade conditions by reason of the war, the Commission is making investigation of commercial treaties, foreign tariff arrangements and economic alliances and is bringing together, as far as possible, all the pertinent evidence bearing on the entire subject.

The Commission is preparing a special report on "Bargaining Tariffs, Commercial Treaties and Economic Alliances." It is intended that this report shall cover interpretations of the most-favored-nation clause in commercial treaties; include an historical and critical consideration of all of the commercial treaties of the United States; a review of bargaining tariffs; the commercial treaty systems of the countries of Continental Europe; a study of commercial relations of Canada, particularly with reference to the United States; the preferential tariffs of Australia, New Zealand, South African Union, and India, and the proposed programs of imperial preference within the British Empire; a careful study of the commercial treaties and bargaining tariffs of the South American countries, in which special reference will be made to the preferential relations between the United States and Brazil; a review of the situation of the Caribbean countries; and a study of the commercial treaties and tariff problems of the Far East.

The reports of the Commission, as issued, will be sent to parties interested who may address their inquiries to Tariff Commission, Washington, D. C.

Federal Trade Commission

The Federal Trade Commission, by authority of new legislation and sundry Executive Orders, is charged with certain war powers, among which are:

Licensed Use of Patents. Under the provisions of the Trading with the Enemy Law "any citizen of the United States or any corporation organized within the United States, desiring to manufacture, or cause to be manufactured, a machine, manufacture, composition of matter, or design, or to carry on, or to use any trade-mark, print, label, or cause to be carried on a process under any patent or copyrighted matter, owned or controlled by an enemy or ally of enemy at any time during the existence of a state of war, may apply to the President for a license; * * * "

By an executive order of October 12, 1917, the President vested in the Federal Trade Commission the power to grant or to refuse such licenses and upon such terms and conditions not contrary to law as might be fixed by the Commission.

The fees charged for such licenses may not exceed one hundred dollars and not exceeding one per cent of the fund deposited by the licensee with the Alien Property Custodian as provided by law.

The Commission may order inventions which, in its opinion, may be detrimental to the public safety to be kept secret and the granting of letters patent withheld until the end of the war.

Applicants for licenses under patents or copyrights owned or controlled by an enemy or an ally of an enemy must apply to the Trade Commission upon blanks which will be supplied by the Trade Commission and in conformity with its rules in that respect published.

Exclusive licenses will not be issued unless the public interest shall otherwise require.

The Commission, by rules established in this respect, requires that all applications for patents which a party desires to file in the country of an enemy or ally of an enemy, and every paper and transaction relating thereto must be submitted to the Commission in the English language, together with proper remittances therefor.

Cost Investigations. The Federal Trade Commission also conducts, at the request of the President, various cost investiga-

tions which are used by the several departments in negotiations with industries respecting the purchase by the Government of needed products, and where authorized by law, these cost investigations are used in the fixing of prices, as for example, coal.

Address. The address of the Federal Trade Commission is 15th and K Streets, N. W., Washington, D. C.

Secretary of the Treasury

The Secretary of the Treasury, by authority of new legislation and sundry executive orders, is charged with certain war powers, among which are:

Director General of Railroads. In taking over the control of the railroads and vesting such control in the person of the present Secretary of the Treasury, the President issued the following proclamation:

“BY THE PRESIDENT OF THE UNITED STATES OF AMERICA —A PROCLAMATION

“WHEREAS the Congress of the United States, in the exercise of the constitutional authority vested in them, by joint resolution of the Senate and House of Representatives, bearing date April 6, 1917, resolved:

“That the state of war between the United States and the Imperial German Government which has thus been thrust upon the United States is hereby formally declared; and that the President be, and he is hereby, authorized and directed to employ the entire naval and military forces of the United States and the resources of the government to carry on war against the Imperial German Government; and to bring the conflict to a successful termination, all of the resources of the country are hereby pledged by the Congress of the United States.’

“And by joint resolution bearing date of December 7, 1917, resolved:

“That a state of war is hereby declared to exist between the United States of America and the Imperial and Royal Austro-Hungarian Government; and that the President be, and he is hereby, authorized and directed to employ the entire naval and military forces of the United States and the resources of the government to carry on war against the Imperial and Royal Austro-Hungarian Government; and to bring the conflict to a successful termination, all the resources of the country are hereby pledged by the Congress of the United States.’

“AND WHEREAS it is provided by section 1 of the act approved August 29, 1916, entitled ‘An act making appropriations for the support of the army for the fiscal year ending June 30, 1917, and for other purposes,’ as follows:

'The President, in time of war, is empowered, through the Secretary of War, to take possession and assume control of any system or systems of transportation, or any part thereof, and to utilize the same, to the exclusion as far as may be necessary of all other traffic thereon, for the transfer or transportation of troops, war material and equipment, or for such other purposes connected with the emergency as may be needful or desirable.'

"AND WHEREAS it has now become necessary in the national defense to take possession and assume control of certain systems of transportation and to utilize the same, to the exclusion as far as may be necessary of other than war traffic thereon, for the transportation of troops, war material and equipment therefor, and for other needful and desirable purposes connected with the prosecution of the war;

"NOW, THEREFORE, I, WOODROW WILSON, President of the United States, under and by virtue of the powers vested in me by the foregoing resolutions and statute, and by virtue of all other powers thereto me enabling, do hereby, through Newton D. Baker, Secretary of War, take possession and assume control at 12 o'clock noon on the twenty-eighth day of December, 1917, of each and every system of transportation and the appurtenances thereof located wholly or in part within the boundaries of the continental United States and consisting of railroads and owned or controlled systems of coastwise and inland transportation, engaged in general transportation, whether operated by steam or by electric power, including also terminals, terminal companies and terminal associations, sleeping and parlor cars, private cars and private car lines, elevators, warehouses, telegraph and telephone lines and all other equipment and appurtenances commonly used upon or operated as a part of such rail or combined rail and water systems of transportation; to the end that such systems of transportation be utilized for the transfer and transportation of troops, war material and equipment; to the exclusion so far as may be necessary of all other traffic thereon; and that so far as such exclusive use be not necessary or desirable, such systems of transportation be operated and utilized in the performance of such other services as the national interest may require and of the usual and ordinary business and duties of common carriers.

"It is hereby directed that the possession, control, operation and utilization of such transportation systems hereby by me undertaken shall be exercised by and through Wm. G. McAdoo, who is hereby appointed and designated Director General of Railroads. Said director may perform the duties imposed upon him, so long and to such extent as he shall determine, through the boards of directors, receivers, officers and employes of said systems of transportation. Until and except so far as said director shall from time to time by general or special orders otherwise provide, the boards of directors, receivers, officers and employes of the various transportation systems shall continue the operation thereof in the usual and ordinary course of the business of common carriers in the names of their respective companies.

"Until and except so far as said director shall from time to time otherwise by general or special orders determine, such systems of transportation

shall remain subject to all existing statutes and orders of the Interstate Commerce Commission, and to all statutes and orders of regulating commissions of the various States in which said systems or any part thereof may be situated. But any orders, general or special, hereafter made by said director, shall have paramount authority and be obeyed as such.

"Nothing herein shall be construed as now affecting the possession, operation and control of street electric passenger railways, including railways commonly called interurbans, whether such railways be or not be owned or controlled by such railroad companies or systems. By subsequent order and proclamation, if and when it shall be found necessary or desirable, possession, control, or operation may be taken of all or any part of such street railway systems, including subways and tunnels; and by subsequent order and proclamation possession, control and operation in whole or in part may also be relinquished to the owners thereof in any part of the railroad systems or rail and water systems, possession and control of which are hereby assumed.

"The director shall as soon as may be after having assumed such possession and control enter upon negotiations with the several companies looking to agreements for just and reasonable compensation for the possession, use and control of their respective properties on the basis of an annual guaranteed compensation, above accruing depreciation and the maintenance of their properties, equivalent, as nearly as may be, to the average of the net operating income thereof for the three-year period ended June 30, 1917—the results of such negotiations to be reported to me for such action as may be appropriate and lawful.

"But nothing herein contained, expressed or implied, or hereafter done or suffered hereunder, shall be deemed in any way to impair the rights of the stockholders, bondholders, creditors and other persons having interests in said systems of transportation or in the profits thereof, to receive just and adequate compensation for the use and control and operation of their property hereby assumed.

"Regular dividends hitherto declared, and maturing interest upon bonds, debentures and other obligations, may be paid in due course; and such regular dividends and interest may continue to be paid until and unless the said director shall from time to time otherwise by general or special orders determine; and, subject to the approval of the director, the various carriers may agree upon and arrange for the renewal and extension of maturing obligations.

"Except with the prior written assent of said director, no attachment by mesne process or on execution shall be levied on or against any of the property used by any of said transportation systems in the conduct of their business as common carriers; but suits may be brought by and against said carriers and judgments rendered as hitherto until and except so far as said director may, by general or special orders, otherwise determine.

"From and after 12 o'clock on said twenty-eighth day of December, 1917, all transportation systems included in this order and proclamation shall conclusively be deemed within the possession and control of said

director without further act or notice. But for the purpose of accounting said possession and control shall date from 12 o'clock midnight on December 31, 1917.

"IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States to be affixed.

"Done by the President, through Newton D. Baker, Secretary of War, in the District of Columbia, this twenty-sixth day of December, in the year of our Lord one thousand nine hundred and seventeen, and of the independence of the United States the one hundred and forty-second.

WOODROW WILSON.

By the President:

Robert Lansing,
Secretary of State

Newton D. Baker,
Secretary of War."

In explaining his action the President made the following statement:

"I have exercised the powers over the transportation systems of the country which were granted me by the act of Congress of last August because it has become imperatively necessary for me to do so. This is a war of resources no less than of men, perhaps even more than of men, and it is necessary for the complete mobilization of our resources that the transportation systems of the country should be organized and employed under a single authority and a simplified method of coordination which have not proved possible under private management and control.

"The committee of railway executives who have been cooperating with the government in this all-important matter have done the utmost that it was possible for them to do; have done it with patriotic zeal and with great ability; but there were difficulties that they could neither escape nor neutralize.

"Complete unity of administration in the present circumstances involves upon occasion and at many points a serious dislocation of earnings, and the committee was, of course, without power or authority to rearrange charges or effect proper compensations and adjustments of earnings.

"Several roads which were willingly and with admirable public spirit accepting the orders of the committee have already suffered from these circumstances and should not be required to suffer further. In mere fairness to them the full authority of the Government must be substituted. The Government itself will thereby gain an immense increase of efficiency in the conduct of the war and of the innumerable activities upon which its successful conduct depends.

"The public interest must be first served and, in addition, the financial interests of the Government and the financial interest of the railways must be brought under a common direction. The financial operations of the railways need not then interfere with the borrowings of the Government, and they themselves can be conducted at a greater advantage. Investors in

railway securities may rest assured that their rights and interests will be as scrupulously looked after by the Government as they could be by the directors of the several railway systems.

"Immediately upon the reassembling of Congress I shall recommend that these definite guarantees be given; first, of course, that the railway properties will be maintained during the period of Federal control in as good repair and as complete equipment as when taken over by the Government; and, second, that the roads shall receive a net operating income equal in each case to the average net income of the three years preceding June 30, 1917; and I am entirely confident that the Congress will be disposed in this case, as in others, to see that justice is done and full security assured to the owners and creditors of the great systems which the Government must now use under its own direction or else suffer serious embarrassment.

"The Secretary of War and I are agreed that, all the circumstances being taken into consideration, the best results can be obtained under the immediate executive direction of the Hon. William G. McAdoo, whose practical experience peculiarly fits him for the service and whose authority as Secretary of the Treasury will enable him to coordinate as no other man could the many financial interests which will be involved and which might, unless systematically directed, suffer very embarrassing entanglements.

"The Government of the United States is the only great Government now engaged in the war which has not already assumed control of this sort. It was thought to be in the spirit of American institutions to attempt to do everything that was necessary through private management, and if zeal and ability and patriotic motive could have accomplished the necessary unification of administration, it would certainly have been accomplished; but no zeal or ability could overcome insuperable obstacles, and I have deemed it my duty to recognize that fact in all candor now that it is demonstrated and to use without reserve the great authority reposed in me. A great national necessity dictated the action and I was therefore not at liberty to abstain from it."

Order No. 1. Under date of December 29, 1917, the Director General of Railroads issued Order No. 1 as follows:

"To All Concerned:

"Pursuant to the order of the President of the United States, through the Secretary of War, the undersigned, as Director General of Railroads, has taken possession and assumed control of certain transportation systems described in the proclamation of the President, of which proclamation and order officers, agents, and employes of said transportation system are to take immediate and careful notice. In addition to the provisions therein contained, it is, until further order, directed that

"1. All officers, agents, and employes of such transportation system may continue in the performance of their present regular duties, reporting to the same officers as theretofore and on the same terms of employment.

"2. Any officer, agent, or employe desiring to retire from^{*} his employment shall give the usual and seasonable notice to the proper officer to the end that there may be no interruption or impairment of the transportation service required for the successful conduct of the war and the needs of general commerce.

"3. All transportation systems covered by said proclamation and order shall be operated as a national system of transportation, the common and national needs being in all instances held paramount to any actual or supposed corporate advantage. All terminals, ports, locomotives, rolling stock, and other transportation facilities are to be fully utilized to carry out this purpose without regard to ownership.

"4. The designation of routes by shippers is to be disregarded when speed and efficiency of transportation service may thus be promoted.

"5. Traffic agreements between carriers must not be permitted to interfere with expeditious movements.

"6. Through routes which have not heretofore been established because of short hauling or other causes are to be established and used whenever expedition and efficiency of traffic will thereby be promoted; and if difficulty is experienced in such through routing, notice thereof shall by carriers or shippers or both be given at once to the Director by wire.

"7. Existing schedules or rates and outstanding orders of the Interstate Commerce Commission are to be observed, but any such schedules or rates or orders as may hereafter be found to conflict with the purposes of said proclamation or with this order shall be brought immediately by wire to the attention of the Director."

Insurance. Under the provisions of the War Risk Insurance Law, September 2, 1914, as amended by the laws of August 11, 1916, June 12, 1917, and of October 6, 1917, the Division of Marine and Seamen's Insurance of the Bureau of War Risk Insurance executes policies of insurance upon ships and their cargoes and upon the lives of men employed in such commerce.

The Division of Military and Naval Insurance of this Bureau administers the law of October 6, 1917, respecting the insurance and compensation features of this law as affecting the military and naval forces of the United States and their families and dependents.

Foreign Insurance Companies. All foreign insurance companies doing business in the United States are required to obtain licenses from the Secretary of the Treasury on or before February 1, 1918, in accordance with an order of the President.

These orders are made under the provisions of the Espionage Law of June 15, 1917, and Trading with the Enemy Law of October 6, 1917.

The Secretary of the Treasury has published the forms of licenses to be issued to foreign companies, designed to prevent information of military value reaching the enemy.

Gold and Silver Exports. The exportation of gold or silver coin, bullion or currency, transfer of credit in any form, including the prohibition of transactions in foreign exchange, is committed to the Secretary of the Treasury and by him administered through the Federal Reserve Board.

Censorship. The direct carriage of any letter or other writing, except in the regular course of the mail, or the sending, taking or transmission out of the United States of any letter, or other writing, book, map, plan or other paper, picture, or any telegram, cablegram, or wireless message or other form of communication intended for, or to be delivered directly or indirectly to an enemy or ally of enemy is prohibited by the Trading with the Enemy Law, but the Secretary of the Treasury is authorized by the President to grant licenses for the carriage of such matter.

Censorship Board

A special Censorship Board, composed of representatives of the Secretary of War, Secretary of the Navy, the Postmaster General, the War Trade Board and the Chairman of the Committee on Public Information, is created by executive order and charged with the duty of censorship of communications made by mail, cable, radio or other means of transmission passing between the United States and any foreign country.

Department of Justice

On the declaration of war with Germany the President, by proclamation of April 6, 1917, directed the attention of German residents in this country to the provisions of Sections 4067, 4068, 4069 and 4070 of the Revised Statutes, which define the relation of "all natives, citizens, denizens, or subjects of the hostile nation or government, being males of the age of fourteen years and upwards, who shall be within the United States, and not actually naturalized."

In a supplemental proclamation issued November 16, 1917, the President added certain other regulations to the first proclamation, among which regulations were:

"19. All alien enemies are hereby required to register at such times and places and in such manner as may be fixed by the Attorney General of the United States and the Attorney General is hereby authorized and directed to provide, as speedily as may be practicable, for registration of all alien enemies and for the issuance of registration cards to alien enemies and to make and declare such rules and regulations as he may deem necessary for effecting such registration; and all alien enemies and all other persons are hereby required to comply with such rules and regulations; and the Attorney General in carrying out such registration, is hereby authorized to utilize such agents, agencies, officers and departments of the United States and of the several states, territories, dependencies and municipalities thereof and of the District of Columbia as he may select for the purpose, and all such agents, agencies, officers and departments are hereby granted full authority for all acts done by them in the execution of this regulation when acting by the direction of the Attorney General. After the date fixed by the Attorney General for such registration, an alien enemy shall not be found within the limits of the United States, its territories or possessions, without having his registration card on his person.

"20. An alien enemy shall not change his place of abode or occupation or otherwise travel or move from place to place without full compliance with any such regulations as the Attorney General of the United States may, from time to time, make and declare; and the Attorney General is hereby authorized to make and declare, from time to time, such regulations concerning the movements of alien enemies as he may deem necessary in the premises and for the public safety, and to provide in such regulations for monthly, weekly or other periodical report by alien enemies to federal, state or local authorities; and all alien enemies shall report at the times and places and to the authorities specified in such regulations."

Registration of Enemy Aliens. Under the order of the quoted paragraphs of the proclamation of the President, the Attorney General on December 29, 1917, promulgated detailed regulations respecting the persons required to register, the times, places and method of registration and limitations upon the change of residence by an alien enemy.

This registration is to be the week of February 4, 1918, and includes all natives, citizens, denizens, or subjects of the German Empire, or of the Imperial German Government, being males of the age of fourteen years and upward, who are within the United States and not actually naturalized as American citizens. Those failing to register, or who, after fifteen days from the completion of the week of registration are found without their registration card will be subject to restraint, imprisonment and detention for the duration of the war, or to give security, or to remove and depart from the United States in the manner prescribed by the

sections of the Revised Statutes, above cited, and shall likewise be subject to all other penalties prescribed in the several proclamations of the President of the United States and in the regulations duly promulgated by or under authority of the President.

The registration is to be conducted by the United States Marshal of the several judicial districts and in cities will take place at the police stations, and in nonurban areas the registration will be made in the postoffices.

Each registrant must supply four unmounted photographs of a size not larger than 3 x 3, one of which photographs will be attached to his registration card, and for further identification, finger prints will be used, both in registration and on registration cards. These registration cards will not be issued before ten days after the registration has taken place and the registration officers are enjoined to verify the statement of the registrant as to the place of his employment.

While subjects of Austria-Hungary are not required to register in view of the fact that this may later be required, as well as the fact that the registration officers are required to verify the statement of the registrant as to his place of employment, and that he may not change such employment without permission it is suggested that all employers take, keep and maintain information of the birth-place and citizenship status of their employes. This is increasingly important, owing to the further requirement of the mentioned registration that enemy alien registrants may not change their residence, even within the same registration district until they have presented to the registration officer their registration card, and having such change of residence noted thereon. It is further provided in these regulations that no enemy alien may remove to another registration district without a permit and on arriving in another registration district, he must present such permit to the registration officer of that district.

Aircraft Board

On behalf of the Departments of War and Navy and as authorized by the respective Secretaries of these Departments, under the provisions of the law of October 1, 1917, the President has created an Aircraft Board to direct and supervise, in accordance with the requirements of the respective departments, the purchase, production and manufacture of aircraft, engines, ordnance and instruments used in connection therewith, materials and acces-

sories therefor, with authority to purchase, lease or construct plants for the manufacture of aircraft, engines and accessories, and to make recommendations as to contracts for the production of such equipment.

National Advisory Committee for Aeronautics

Under the provisions of the Naval Appropriation Laws of August 29, 1916, and March 4, 1917, and the Organic Law of March 3, 1915, the National Advisory Committee for Aeronautics cooperates with various Government departments, private institutions of research and universities, concerning the development and application of aeronautics, issues technical reports and directs and supervises the scientific study of the problems of flight.

Shipping Board

The United States Shipping Board was established by the law of September 7, 1916. Its power was broadened by the law of June 15, 1917, which law authorized the President to give priority control of shipping materials and supplies; and appropriated necessary funds for the purchase or requisition of plants, charters or ships already constructed or in course of construction.

Under additional legislative authority the Shipping Board has created an Emergency Fleet Corporation for the construction, purchase, equipment, lease, charter, maintenance and operation of vessels in the commerce of the United States.

Department of Labor

Employment Service. Under largely increased appropriations the Department of Labor is developing a War Emergency Employment Service with a view of ascertaining labor needs in war industries and developing the resources of this service in endeavoring to supply such needs. District offices have been and others are in process of establishment in many cities and industrial centers.

Fuel Administration

The Fuel Administration was created by executive order on August 23, 1917, under the Food and Fuel Control Law of August 10, 1917. All the powers given the President with respect to fuel products, such as coal, coke and fuel oils, were by him vested in the Fuel Administrator.

The law gave the President authority to fix fuel prices, to license dealers and to punish by revocation of licenses for violation of the terms of the law, or regulations made pursuant thereto.

The Fuel Administrator has fixed prices for fuel products and readjusted them from time to time, and has created various subsidiary administrative departments in the several states.

Contracts for the Sale of Coal and Coke. Under date of December 24, 1917, the Fuel Administrator issued the following order:

"The United States Fuel Administrator hereby orders and directs that until further or other order of the United States Fuel Administrator and subject to modification hereafter from time to time and at any time, the following regulations are established relative to contracts for the sale of coal and coke.

'A coal or coke operator or producer may, in accordance with these regulations and not otherwise, make contracts for the sale of coal mined or produced, or of coke produced or made, by him with any consumer or other person including jobbers.

'(1) No such contract shall provide for the delivery or supply of coal or coke over a period longer than one year; and such period of one year shall terminate at a date not more than eighteen months from the date of actual execution of the contract.

'(2) Every such contract for the sale of coal shall provide that the price of any coal delivered thereunder shall, with respect to each shipment of coal under such contract, not exceed the price at the mine as fixed by the President, or by the United States Fuel Administrator under authority of the President, and in effect at the date of such shipment from the mine.

'(3) Every such contract for the sale of coke shall provide that the price of any coke delivered thereunder shall, with respect to each shipment of coke under such contract, not exceed the price for coke as fixed by the President, or by the United States Fuel Administrator under authority of the President, for the kind of coke specified in the contract, and in effect at the date when such shipment of coke leaves the point at which it is produced or stored.

'(4) Every such contract shall provide that the same shall be forthwith cancelled and of no further binding effect upon either party thereto, upon receipt of a request or an order from the United States Fuel Administrator for such cancellation, and that in case of such cancellation neither party to the contract shall be under any further liability to the other thereunder and that neither shall have any claim against the United States by reason of such contract or the cancellation thereof.

“(5) Every such contract shall provide that coal or coke deliverable thereunder shall be subject to requisition by the United States Fuel Administrator, including under the term requisition the right to divert such coal or coke to any other party than the purchaser named in the contract; that such requisition may be made at any time during the continuance of the contract and prior to actual receipt and unloading of the coal or coke so requisitioned, at the point of ultimate destination, by the person entitled thereto under the terms of the contract; that such requisition shall be made at the going Government price at the date of shipment from the mine of the coal so requisitioned or of the shipment of the coke so requisitioned from the place of production or storage thereof, and without other or further liability of the Government to either party to the contract than the payment of such price and freight, so far as either party to the contract may at the time of such requisition or diversion be liable for such freight payment.

“(6) A jobber may make contracts for the sale of coal or coke owned by him, or to which he is entitled under contracts made by him with operators or producers in conformity with these regulations at a price not exceeding the purchase price paid or payable by such jobber for such coal or coke under the limitations of the foregoing paragraphs numbered (2) and (3), plus such commission on coal (not on coke)* as may, at the time of the shipment thereof from the mine where such coal is produced or from the place where such coke is made, be the then permissible jobber's commission. All such contracts by jobbers for the sale of coal or coke shall conform to the provisions and requirements in the foregoing paragraphs numbered (1), (4), and (5).

“(7) Every coal or coke operator or producer and every jobber shall send within ten days of the execution of any contract by him a certified copy thereof to the United States Fuel Administrator at Washington, D. C., marked “Attention of Legal Department”.

“No contract may be made, or if made hereafter will be recognized as valid, by the United States Fuel Administrator, which involves railroad cross-hauling of coal, except in the case of gas-coal or coal to be used for by-product purposes.

“Oral contracts for the delivery or supply of coal or coke will in no cases be recognized by the Fuel Administrator as valid or binding upon either party thereto and are hereby prohibited.

“All and any contracts for the sale of coal or coke are subject to cancellation and termination at any time by the President or by the United States Fuel Administrator acting under authority of the President.

“This order shall be effective December 29, 1917, 7 a. m.”

* See Order of November 9, 1917, effective November 10, 1917, for Coke Commissions.

Food Administration

The Food Administration was created by executive order on August 10, 1917, under the provisions of the Food and Fuel Control Law of the same date.

It licenses dealers in food commodities, requires reports of stocks on hand from time to time, and through subsidiary organizations acts as a purchasing agent of food products, both for export and import; and revokes licenses of dealers where investigation shows that such dealers have violated the terms of their licenses or have engaged in proscribed practices, such as hoarding, waste and other practices inhibited by law.

Council of National Defense

The Council of National Defense is composed of the Secretary of War, Secretary of the Navy, Secretary of the Interior, Secretary of Agriculture, Secretary of Commerce and Secretary of Labor.

Advisory Commission. The law creating the Council of National Defense provided that it should nominate to the President and the President should appoint an Advisory Commission consisting of not more than seven persons, "each of whom shall have special knowledge of some industry, public utility, or the development of some natural resource, or be otherwise specially qualified, in the opinion of the Council, for the performance of the duties hereinafter provided."

In conformity with this provision, the President named Daniel Willard, President of the Baltimore and Ohio Railroad, Chairman; Howard E. Coffin, Vice-President, Hudson Motor Company; Julius Rosenwald, President, Sears, Roebuck & Company; Bernard M. Baruch, banker; Dr. Hollis Godfrey, President, Drexel Institute; Samuel Gompers, President, American Federation of Labor; and Dr. Franklin Martin, Secretary, General American College of Surgeons, Chicago, as members of this Advisory Commission.

Activities. The object and purposes of the Council of National Defense and of the Advisory Commission are best stated in the terms of the law, Public No. 242, 64th Congress, approved August 29, 1916:

"That a Council of National Defense is hereby established for the coordination of industries and resources for the national security and welfare, * * *

"That it shall be the duty of the Council of National Defense to supervise and direct investigations and make recommendations to the President and the heads of executive departments as to the location of railroads with reference to the frontier of the United States so as to render possible expeditious concentration of troops and supplies to points of defense; the coordination of military, industrial, and commercial purposes in the location of extensive highways and branch lines of railroad; the utilization of waterways; the mobilization of military and naval resources for defense; the increase of domestic production of articles and materials essential to the support of armies and of the people during the interruption of foreign commerce; the development of seagoing transportation; data as to amounts, location, method and means of production, and availability of military supplies; the giving of information to producers and manufacturers as to the class of supplies needed by the military and other services of the Government, the requirements relating thereto, and the creation of relations which will render possible in time of need the immediate concentration and utilization of the resources of the Nation."

Committees of the Council. Immediately upon the outbreak of war, under authority of the mentioned law the Advisory Commission to the Council, which serves without pay, created under the authority of the same law "committees of specially qualified persons to serve without compensation" covering many lines of industry, but which committees were, owing to the provisions of section 3 of the Food and Fuel Control Law of August 10, 1917, forced to retire with the thanks of the Council for their patriotic services.

Present Organization. The present organization of the Council of National Defense and of the Advisory Commission is a War Industries Board, a Priority Committee, a Purchasing Commission, an Emergency Construction and Contract Section, a Storage Facilities Section, a Legal Section, a Machine Gun Section, a General Medical Board, a Committee on Education, a Committee on Labor, a Highway Transport Committee, an Inland Water Transportation Committee, a Committee on Housing, a Committee on Defense Work, the Commercial Economy Board, and a Committee on Coal Production.

War Industries Board. This Board, of which Mr. Daniel Willard of the Advisory Commission is Chairman, is designed to act as a clearing house for the war industry needs of the

Government and to determine the most effective ways of meeting such needs; to consider methods of increasing production to the extent of creating or extending the activities of industries required by war emergencies; to give consideration to the sequence and relative urgency of the needs of the different Government services; to consider price factors and the industrial and labor aspects of problems involving war questions affecting projects and activities.

Commandeering of Private Plants. Upon the recommendation of the War Industries Board, the President, through the Secretary of War, has commandeered for the use of the United States the electrical power supplied by certain plants at Niagara Falls, New York, and by agreement and order, has directed the disposition of this power to particular uses.

The transaction was consummated by the following order and contracts:

"December 28, 1917.

"To _____ Company,
"Niagara Falls, N. Y.

"Sirs:

"The President of the United States, by virtue of and pursuant to the authority vested in him, and by reason of the exigencies of the national security and defense, hereby places an order with you for, and hereby requisitions the total quantity and output of the electrical power which is capable of being produced and/or delivered by you through the use of all waters diverted or capable of being diverted through your intake canal and/or your plants and machinery connected therewith.

"You are directed to make immediate and continuous delivery of such power until further notice. This order will be given precedence over any and all orders and contracts heretofore placed with you.

"You will be paid fair and just compensation for power delivered hereunder.

"Kindly acknowledge receipt hereof to the undersigned.

"(Signed) Newton D. Baker,
" Secretary of War."

**"TEMPORARY WAIVER OF DELIVERY OF ELECTRICAL
POWER OF _____ COMPANY.**

"WHEREAS, the President of the United States, by virtue of and pursuant to the authority vested in him, and by reason of the exigencies of the national security and defense has placed an order with _____ Company on the twenty-eighth day of December, 1917, and on the same date has requisitioned from it the total quantity and output of electrical

power which is capable of being produced and/or delivered by said Company through the use of all waters diverted or capable of being diverted through the intake canal of said _____ Company and/or the plants or machinery of said Company connected therewith; and

“WHEREAS said _____ Company has requested that it be permitted to carry on its business of production, importation, sale and distribution of such power as is or may be developed, generated or imported by it in whatever manner and to whatever extent may be deemed to be consistent with the exigencies of the national security and defense; and

“WHEREAS in the judgment of the Secretary of War such exigencies will be provided for adequately for the time being if the electrical power hereby ordered and requisitioned from said Company be sold by and for the account of said _____ Company, and distributed by it in the manner shown in the attached schedule; and

“WHEREAS said Company has offered to waive all claim for compensation from the United States by reason of said order and requisition and/or the delivery of power under the conditions set forth in the schedule hereto attached, save as to such power as actually may be delivered to the United States.

“NOW THEREFORE the Secretary of War, acting for and in behalf of the United States, hereby, until further notice to said Company, waives delivery to the United States of any of the power capable of being produced and/or delivered by said Company, on the express condition that said Company shall distribute such power as provided in the schedule hereto attached.

“Upon request of the Secretary of War, or his duly authorized representative, said _____ Company shall furnish a sworn statement showing the users of said power during any specified period, together with the maximum quantity of power delivered daily and the rate of compensation charged to each user, and such other information as may be requested.

“Said _____ Company hereby waives any and all right to compensation from the United States by reason of said requisition and order and/or delivery of said power under the conditions hereinbefore imposed.

“In witness whereof this instrument has been executed in duplicate on the twenty-eighth day of December, 1917, on behalf of the United States by the Secretary of War and the said Company has caused the same to be executed and its corporate seal attached by its President hereunto duly authorized.

.....
Secretary of War.

COMPANY.

By.....
President.

SCHEDULE

"The _____ Company shall deliver all power, delivery of which is waived by the United States as provided in the waiver attached, under existing contracts, to the persons now entitled to receive such power, except that delivery of electrical power to the following consumers shall be curtailed as herein indicated:

"_____ Co. Reduced to 5100 H.P.

"_____ Co. No power between hours of 6 A. M. and 7.30 P. M.

"Said _____ Company shall use the additional power made available by increased use of water in its canal or by the curtailment herein prescribed or otherwise, to increase the amount of electrical power deliverable to the users named below,—it being the intent hereof that they shall receive respectively and continuously the approximate amounts of electrical power set opposite their respective names.

"_____ Company.....13,500 H.P.

"_____ Company..... 7,000 H.P.

"_____ Company.....13,500 H.P.

"The foregoing table is based upon the ability of said _____ Company to operate its plants and lines at full capacity and efficiency.

"Whenever said _____ Company shall have a surplus of electrical power above the requirements of its customers under the provisions of the foregoing waiver and this schedule it shall make distribution thereof to the customers on its lines in the following order of priority, viz.:

(Naming companies)

"In case of a deficiency in the supply of electrical power sold _____ Company shall withdraw power first from consumers not named above and then from the several named customers in the inverse order of the foregoing list so far as the same may be done without undue damage to the plants and/or products of said several customers. There shall, however, be no curtailment of power deliverable to public utilities, or to small users employing an average of not to exceed 100 H.P. each until after all larger users shall have been curtailed as far as such curtailment may be effected without causing undue damage."

The law under which this was done is as follows:

"Sec. 120. PURCHASE OR PROCUREMENT OF MILITARY SUPPLIES IN TIME OF ACTUAL OR IMMINENT WAR.—The President, in time of war or when war is imminent, is empowered, through the head of any department of the Government, in addition to the present authorized methods of purchase or procurement, to place an order with any individual, firm, association, company, corporation, or organized manufacturing industry for such product or material as may be required, and which is of the nature or kind usually produced or capable of being produced by such individual, firm, company, association, corporation, or organized manufacturing industry.

"Compliance with all such orders for products or material shall be obligatory on any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof and shall take precedence over all other orders and contracts theretofore placed with such individual, firm, company, association, corporation, or organized manufacturing industry, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any plant equipped for the manufacture of arms or ammunition, or parts of ammunition, or any necessary supplies or equipment for the Army, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any manufacturing plant, which, in the opinion of the Secretary of War shall be capable of being readily transformed into a plant for the manufacture of arms or ammunition, or parts thereof, or other necessary supplies or equipment, who shall refuse to give to the United States such preference in the matter of the execution of orders, or who shall refuse to manufacture the kind, quantity or quality of arms or ammunition, or the parts thereof, or any necessary supplies or equipment, as ordered by the Secretary of War, or who shall refuse to furnish such arms, ammunition, or parts of ammunition, or other supplies or equipment, at a reasonable price as determined by the Secretary of War, then, and in either such case, the President, through the head of any department of the Government, in addition to the present authorized methods of purchase or procurement herein provided for, is hereby authorized to take immediate possession of any such plant or plants, and through the Ordnance Department of the United States Army, to manufacture therein in time of war, or when war shall be imminent, such product or material as may be required, and any individual, firm, company, association, or corporation, or organized manufacturing industry, or the responsible head or heads thereof, failing to comply with the provisions of this section shall be deemed guilty of a felony, and upon conviction shall be punished by imprisonment for not more than three years and by a fine not exceeding \$50,000.

"The compensation to be paid to any individual, firm, company, association, corporation, or organized manufacturing industry for its products or material, or as rental for use of any manufacturing plant while used by the United States, shall be fair and just." (Army Appropriation Law June 3, 1916.)

A similar power is contained in the Naval Appropriation Act, March 4, 1917, as respects ships of war and war material, which may include the taking over of any factory or part thereof, regardless of whether the United States has, or has not, any contract or agreement with the owner or occupier of such factory, but all authority contained in the Naval Appropriation Act is, by its terms, to cease on March 1, 1918.

Industrial Resources Division. The design of this newly created division of the War Industries Board is to find out the industrial capacity of the country and where economic or war needs have or are forcing a readjustment to aid in determining how such industry may be readjusted in the best possible manner.

Essentials and Non-Essentials. Broadly speaking, it has come to be recognized that there is no such thing as a non-essential industry. It is true that for war purposes some industrial activities are more necessary than others, yet either an immediate slacking, or considerable curtailment of almost any industry would mean an enormous wastage of capital with loss of organization and necessary labor unemployment.

It may be confidently stated that no such thing as classification of industries, as essential or non-essential, is, or will be contemplated by any responsible agency of the Government.

Priorities Committee. This committee of the War Industries Board issues priority orders on application governing the precedence of the supply of raw materials entering into and the production of the finished product required by the Government on account of war activities.

Priority in Transportation. The Chairman of the Priorities Committee of the War Industries Board is also the administrative officer under the Priority of Shipments Law of August 10, 1917, wherein the President was authorized to control priority of transportation "by any common carrier, by railroad, water, or otherwise" during the continuance of the war.

This law authorizes the President "to direct that such traffic or such shipments of commodities as, in his judgment, may be essential to the national defense and security, shall have preference or priority in transportation * * *."

In carrying out this law all common carriers by railroad in the United States are ordered to

"give preference and priority in car supply and in movement to the following commodities, and in the order numbered:

- "1. Steam railroad fuel for current use;
- "2. Live stock, perishable freight, food, and feed;
- "3. (a) Shipments of military supplies when consigned direct to the United States Government or the authorized officers of the United States Army, Navy, or Shipping Board, or to the Allies or the proper representatives thereof, destined to any cantonment, post or encampment,

to any point of export for movement thence to Europe, to any arsenal or navy yard, or material to any shipbuilding plant under contract to the United States Shipping Board for the sole purpose of constructing vessels for that board; structural material when consigned to Constructing Quartermasters for account of contractors engaged in emergency construction work under the Cantonment Division of the Quartermaster General's Office (Order of December 22, 1917).

"(b) Other shipments for the United States Government, as the same may be authorized from time to time by the undersigned as necessary in particular cases, but only upon request of the United States Army, United States Navy, or United States Shipping Board, through a designated officer or representative of the respective departments located in Washington;

"4. Coal to and for by-product coking plants, and not subject to reconsignment; and

"5. Preference and priority in movement only to coal for current use but not for storage, consigned direct (and not subject to reconsignment) to hospitals, schools, and other public institutions, retailers of coal for use in supplying domestic consumers only; and to coal, coke, and raw materials for current use but not for storage, consigned direct (and not subject to reconsignment) to blast furnaces, foundries, iron and steel mills, smelters, manufacturers engaged in work for the United States Government or its Allies, public utilities (including street and interurban railways, electric power and lighting plants, gas plants, water and sewer works), flour mills, sugar factories, fertilizer factories, and shipbuilders; also shipments of paper, petroleum, and petroleum products.

"This order shall not affect priority order No. 2, dated October 27, 1917, relating open-top cars; priority order No. 3, dated November 2, 1917, relating to movement of coal from mines in Utah and Wyoming; and priority order No. 4, dated November 22, 1917, and supplement A thereto, dated November 29, 1917, relating to shipments of cattle feed to points in Texas and New Mexico, issued by the undersigned."

All Priority Orders Cancelled. The administrative officer of the Priority of Shipments Law under date of December 31, 1917, issued a general suspension order, suspending all priority orders, which such officer had theretofore issued, until further notice.

While not so stating, it is understood that this action was taken in view of the appointment of a Director General of Railroads.

Commercial Economy Board—This Board, by studies and cooperation secured from manufacturing trades, endeavors to secure economy in the use of men and materials in commercial business as an aid to war requirements.

Naval Consulting Board—This Board was established by the Secretary of the Navy and consists of twenty-four eminent technical experts, and, under the law of August 29, 1916, is engaged in the work of initiating ideas useful to the national defense and in the solution of technical problems presented by the Navy Department, and serves for the Council of National Defense as a board to consider inventions.

National Research Council—The National Academy of Sciences, operating under a Congressional charter, has created a National Research Council which, by resolution of the Council of National Defense, is cooperating with it in matters pertaining to scientific research having relation to national defense. This organization is supported entirely by private contributions.

Bureau of Mines—Under the provisions of a law of October 6, 1917, the Director of the Bureau of Mines, Department of Interior, is authorized, when the United States is at war, to grant manufacturer's, vendor's, purchaser's, foreman's, exporter's, importer's, analyst's, educator's, inventor's and investigator's several and separate licenses controlling the manufacture and use of explosives. It is made an offence to manufacture explosives unless licensed so to do.

If an applicant for license has his application denied or the holder of a license has his license revoked by the Director, he may, within thirty days, apply for such license or the cancellation of such revocation to the Council of National Defense, which shall make its order upon the Director of the Bureau of Mines either to grant or to withhold the license. The law provides detailed requirements for the keeping and handling of explosives in times of war.

Government Purchasing Offices in Washington

The Bureau of Foreign and Domestic Commerce of the Department of Commerce has prepared a directory of offices in Washington making Government purchases, which directory follows:

Emergency Fleet Corporation (Shipping Board), Munsey Building.

Boilers and Machinery other than electrical—A. L. Bell.

Electrical Apparatus and Machinery—W. R. McCann.

Anchor Chain, Wire Rope, Hemp Rope, Nautical Instruments, Miscellaneous Equipment and Supplies—J. P. Bourke.

Raw and semi-finished material on which Government expects to have prices fixed—G. R. Jasper.

Lumber—Southern Pine and Oregon Fir—F. K. Fawcett.

Lumber—Hardwoods—F. K. Paxton.

Inspection for material purchased by Purchasing Department only—E. A. Rebbcke.

Contracts and Specifications—T. D. Adams.

War Department

Engineer Corps

In charge of Purchase, Major Rose, 1438 U Street.

Railway Equipment and Supplies—S. M. Felton, 734 15th Street.

Electrical Equipment—Capt. S. D. Miller, 1419 F Street.

Mechanical and Miscellaneous—Capt. O. M. Zimmerman, Winter Building, U Street.

Chief of Ordnance

CARRIAGE DIVISION

Lieut.-Col. J. H. Rice, Room No. 139, State, War, and Navy Building.

Field Artillery Section—Field Artillery material except guns and ammunition, Lieut.-Col. L. T. Hillman, 18th and E Streets, N. W.

Seacoast Artillery Section—Seacoast material and railway mounts and equipment, except guns and ammunition, Major J. B. Dillard, 18th and E Streets, N. W.

Machine Gun Section—Machine guns and automatic guns and equipment, except ammunition, Major E. McFarland, 6 and B Street.

Motor Equipment Section—All motor equipment for field artillery tractors, ammunition trucks, tanks, etc., Major L. B. Moody, 6 and B Street.

Anti-Aircraft Section—All anti-aircraft mounts and equipment, except motor equipment, guns and ammunition, Major J. B. Rose, 18th and E Streets, N. W.

EQUIPMENT DIVISION

Major J. R. Simpson, Hooe Building, No. 1330 F Street, N. W.
Cotton and duck webbing.

Cloth equipment made of cotton duck and webbing, such as haversacks, pack carriers, cartridge belts, intrenching tool carriers, paulins, grain bags, feed bags, etc.

Equipment made of leather, such as saddles, bridles, halters, bayonet scabbards, rifle scabbards, pistol holsters, belts, etc.

Mess equipment, such as canteens, meat cans, bacon cans, knives, forks, and spoons.

Hardware, such as intrenching tools, picks, shovels, wire cutters, stencil outfits, marking outfits, etc. Also small hardware parts to be used in connection with cloth and leather equipment—such parts consist of snaps, hooks, buckles, eyelets, grommets, etc.

Cleaning and preserving materials, such as sperm oil, neatsfoot oil, soaps, sponges, ammonia, ammonium carbonate, etc.

Steel helmets, including helmet linings and eye guards.

Fencing equipment, including fencing plastrons, gloves, masks, wooden fencing masks, and wooden sabers.

Periscopes, trench knives.

Woolen horse blankets, horse covers.

Instruments of precision, such as musketry rules.

GUN DIVISION

Col. Jay E. Hoffer, B Street and Virginia Avenue, N. W.

Artillery Ammunition Section—Lieut.-Col. E. P. O'Hearn—Artillery ammunition of all description from 3 in. to 16 in. in caliber, armor piercing projectiles, common steel shell, shrapnel, all types of fuses, primers, fuse setters, all accessories therefor, including paints, containers, packing boxes, etc.

Cannon Section—Major C. C. Jamison—Cannon of all character from 3 in. to 16 in. (but this section DOES NOT handle small arms, machine guns, carriages or mounts for cannon), forgings for cannon breech mechanism, firing mechanism.

Explosives Section—Major J. H. Burns—Smokeless powder for small arms and cannon, black powder, high explosives of all kinds, raw material used in the manufacture of powder and explosives.

Trench Warfare Section—Capt. E. J. W. Ragsdale—Hand grenades, chemicals used for illuminating, incendiary and asphyxiating purposes, rifle grenades, aerial bombs, trench mortars.

Raw Materials—Major Douglas I. McKay—Materials used in manufacture of ordnance material used by this division: Steel, copper, spelter, lead, antimony, etc.

DIVISION "T"

Col. J. W. Joyes, Room 209 National Savings and Trust Building, No. 719 15th Street. Supplies used in the manufacture of ammonia and acids, in purifying and compressing gases.

SMALL ARMS DIVISION

Col. John T. Thompson, No. 1801 I Street, N. W. Small arms rifles, automatic pistols, revolvers, sabers, scabbards, bolos, bayonets, shot guns, small arms ammunition, targets, target material, marksmen's insignia.

The above mentioned articles are being purchased by the Small Arms Division only in their completed state.

Purchase Section—Lientenant Byland, 1829 I Street. Components entering into the manufacture of small arms are being procured by the Purchase Section of the Small Arms Division.

An illustrative list of such components follows:

Steel (not allotted by Government)	Chlorate of potash
Brass rod cleaners	Lead sulphocyanide
Rivet wire	Antimony sulphide
Screw bracket butt plate	Tri-nitrotolunen
Butt plates	Manganese copper
Cleaners bristles	Clip board
Cord	Packing cases
Black walnut stocks	Deadening felt
Thong case and caps	Crucibles
Thong cord and bristle brush	Bandoleers
Emery and emery wheels	Clips
Carborundum wheels	Coke
Bortz	Newsboard
Sling straps	Solder
Scabbards	Charcoal
Drills	Screw hooks and thumb nuts
Screw drivers	Varnish coating
Oil	Iron screws No. 13, 2 in.
Lard	Wire nails, 8 penny
Mineral	Shellac
(Not allotted by Government)	Soda ash
Sulphuric acid	Rosaniline
Cotton waste	Alcohol, denatured
	Terne plate

Signal Corps

AIRCRAFT DIVISION

Old Southern Ry. Bldg., 119 D Street, N. E.

Motors and Parts—Lieut. H. H. Emmons.

Planes—H. L. Shepler.

Ordnance and Instruments for Signal Corps—L. S. Horner.

Woods, etc.—Major C. R. Sligh.

General Equipment—Capt. H. D. Moore.

Quartermaster General

No purchases are made by officers on duty in the office of the Quartermaster General, but authority for making purchases is given by the various divisions to the depot quartermasters, constructing quartermasters, department and other quartermasters at various military posts and stations to purchase materials and hire labor or enter into contracts for supplies as follows:

SUPPLIES DIVISION

State, War, and Navy Building. Officer in charge, Brig.-Gen. A. L. Smith, Q. M. Corps.

Assistants: Lieut.-Col. William E. Horton. Fuel, forage, specifications for uniforms, etc.

Lieut.-Col. George H. Penrose: Miscellaneous supplies, such as typewriters, adding machines, printing outfits, stationery, office furniture, field ranges and field ovens.

TRANSPORTATION DIVISION

Officer in charge, Col. C. B. Drake, Q. M. Corps.

Colonel Drake is in charge of Motor Transportation—Automobiles, motor trucks, motorcycles, bicycles, tractors, trailers, tires, oils and greases for same; also in charge of water transportation—supplies except subsistence, in connection with the transport and harbor boat service.

Assistants: Major J. S. Fair in charge of Remount Service—wagons and parts, horse drawn ambulances, carts, saddles, harness, harness parts, stable equipment, and the like.

Capt. H. A. Hegeman, in charge of Transport Repair Shops—Machinery and equipment for repair shops being organized for service abroad.

Major C. M. Curran, in charge of Rail Transportation—all kinds of railroad equipment, repairs, etc., after installation.

Major J. W. Furlow, in charge of engineering features of Motor Transportation—in connection with testing of motor trucks with the view of standardization.

CANTONMENT DIVISION

15th and M Streets. Officer in charge, Brig.-Gen. I. W. Littell, Q. M. Corps.

Assistant: Captain R. C. Marshall, Jr. This division has charge of constructing the National Guard camps and National Army cantonments, and of the purchase and installing of material required to complete such camps and cantonments.

CONSTRUCTION AND REPAIR DIVISION

15th and M Streets. Officer in charge, Major C. O. Zollers, Q. M. Corps.

Supplies in charge of this division are as follows:

Barracks, quarters, storehouses, etc.

Plumbing, heating and lighting in new buildings.

Fences.

Post bakery ovens.

Gymnasiums, bowling alleys, etc.

Shooting galleries and ranges.

Rentals, including recruiting stations and lodgings.

Permanent picket lines.

Flagstaffs.

Heavy furniture for officers' quarters.

Wall lockers.

Track and wagon scales.

Refrigerators.

Drafting and surveying instruments.

Power plants, including lighting, heating, refrigerating and pumping.

Laundries, crematories, etc.

Electric lighting systems.

Purchase of light.

Incandescent lamps.

Field laundries.

Installation of elevators.

Saw mills and saw mill equipment.

Steam cooking appliances.

Moving picture machines and equipment, including folding organs, chairs and tables.

Assembly tents and chaplains' equipment.

Wharves, sea walls and retaining walls.

Dredging.

Purchase of water.

Roads and walks.
Water-distributing systems.
Crematories, incinerators and odorless excavators.
Sewerage systems and purification plants.
Railroad rolling stock and equipment—first installation.
Drainage.
Care and improvement of grounds.
Railway on reservations.
Time and fire-alarm systems.
Water systems.
Fire apparatus.

Navy Department

Bureau of Ordnance

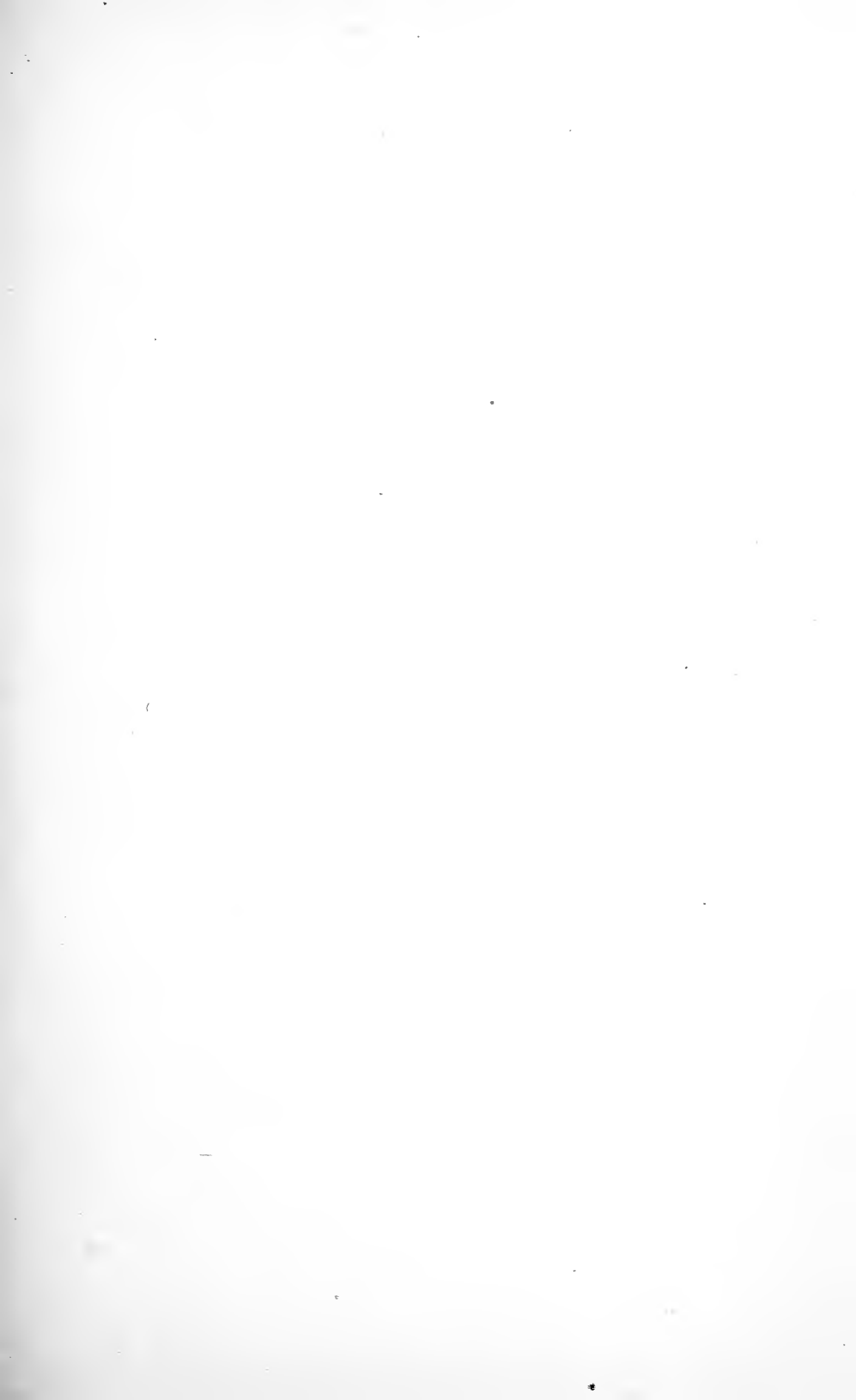
New Interior Bldg., 18th and F Streets, N. W.
Matter of Policy—Rear Admiral Ralph Earle, Chief of Bureau.
Requisition for Material for all Yards and Stations—Commander
T. A. Kearney, Asst. Chief.
Office Supplies—E. S. Bradt, Chief Clerk.
Guns and Breech Mechanisms—Lieut. N. W. Pickering.
Turret Mounts, Recoil Springs—Lieut. L. S. Bye.
Powder and Fuses—Lieut. G. L. Caskey.
Torpedoes—Commander T. V. Ogan.
Armor and Projectiles—Lieut. Com. R. S. Holmes.
Supplies (Ships)—Lieut. Com. W. T. Lightle.
Inventions—Rear Admiral R. R. Ingersoll.
Fire Control—Optical Instruments, Range Finders, Binoculars—
Lieut. Com. W. E. Van Quken.
Mounts (other than Turret) and Small Arms—Lieut. Com. S. C.
Rowan.
Mines and Mining; Wire Ropes—Comdr. S. P. Fullinwider.
Member of Priority Board—Rear Admiral N. E. Mason.
Armor and Projectile Plant, to be Constructed at Charleston,
W. Va.—Comdr. F. H. Clark.
Experiments—Lieut. T. S. Wilkinson.
General Inspector—Comdr. A. L. Norton.

Bureau of Supplies and Accounts

State, War, and Navy Building. Admiral Samuel McGowan,
Paymaster General.

Bureau of Yards and Docks

Navy-Army, New York Avenue. A. L. Parsons, Acting Chief.





TREASURY DEPARTMENT
OFFICE OF
COMMISSIONER OF INTERNAL REVENUE
WASHINGTON, D. C.

January 1, 1918.

TO AMERICAN MANUFACTURERS:

I am glad to have this opportunity of expressing to the members of the National Association of Manufacturers my appreciation of the helpful cooperation extended to the Bureau of Internal Revenue.

Your prompt response to our request for advice and suggestions was particularly gratifying and has materially aided in interpreting the law in the light of actual conditions.

The law presents many difficult problems. It imposes taxes that are new and untried. The volume of revenue to be raised is more than three times the total annual expenditure of the Government in times of peace. A task of this magnitude can be accomplished through sympathetic cooperation between the Government and the taxpayers.

The Internal Revenue officers are your servants. It is our function and desire to assist you and your employes in the preparation of returns and to help you solve your tax problems. Thousands of your employes must make returns and for the first time pay an income tax. May I count on your cooperation in aiding those in your employ who are unfamiliar with tax laws?

You can render no greater service to the high cause for which this nation is devoting its lives and its wealth, than to maintain the leadership so patriotically assumed in supplying the sinews of war. The Liberty tax is on a par with the Liberty Loan. Its purpose is the same; it will be met in the same spirit.

(Signed)

Commissioner of Internal Revenue.